

Workforce Analysis Study of Mt. Carmel Public Utility Co.

December 4, 2008

As requested by the Staff of the Illinois Commerce Commission ("ICC"), Mt. Carmel Public Utility Co. ("MCPU") has prepared an evaluation of our in-house electric department staffing levels pursuant to 220 ILCS 4-602. As set forth in the attached Workforce Study Report for the years 1995 through 2006, the staffing levels for linemen, meter service or repair employees, and customer service have been steady and no layoffs or downsizing was implemented in this time period. Further, additional employees have been hired in the year 2008 to increase overall workforce. The minor swings in numbers reflected in the Report were due to retirements, changes in job description or function, and other internal operational utilization such as moving from a described job to a supervisor position.

The assessment of MCPU's electrical workforce indicates that the staffing levels are adequate. This is based on adequacy being defined as "the quality of being able to meet a need satisfactorily or being sufficient for the end in view." (Definition as set forth and found in <http://www.thefreedictionary.com/adequacy>)

In assessing adequacy, it is also important to review Section 1-102 of the Illinois Public Utilities Act, which requires that MCPU provide "adequate, efficient, reliable, environmentally safe and least-cost public utility services at prices which accurately reflect long-term cost of such services which are equitable to all citizens." With this general policy in mind, MCPU tries to find a proper balance in the provision of quality electrical service, efficiency and costs, including workforce staffing and training.

The Electric Service Customer Choice and Rate Relief Law of 1997, as amended, imposed a 10 year moratorium on general rate increases. This restriction from increasing rates along with the increasing costs of doing business over 10 years, and lack of substantial system growth and even loss of significant industrial load, created a situation whereby cost controls were more critical than ever. During this time period, attrition in the workforce of experienced employees occurred, which required more efficient operations from the existing personnel in conjunction with additional training needs for existing and newly hired personnel.

During the reporting period, MCPU has increased its training and safety focus. Additional job related training has occurred in order for the workforce to be more competent in their fields and to be more efficient in completion of work. This also has included acquisition of additional equipment, tools and computer programs. This has included training and utilization of equipment such as underground boring equipment; new customer information system programs to help in expediting work orders and tracking of job status and materials used; and new line and service

trucks. This all helps to decrease overtime needs. Further, safety training takes on both a general safety nature and a job specific perspective which has led to a reduction of on the job accidents and days away from work. MCPU has also increased the number of apprentice linemen being trained to help in having multiple individuals available for coverage during vacations, outages and other times as needed.

During this same time period, reliability in conjunction with vegetation management became more crucial than ever. MCPU increased its efforts in this arena by utilizing outside contractors for a period of time to help get the system in compliance. The timing of eliminating the outside tree trimming contractors was in conjunction not only with the system becoming more free of vegetation, but also coincided with the approaching end of the rate freeze. MCPU was then able to hire additional workforce to keep reliability in place and to continually maintain and upgrade the system. The ongoing training of these personnel also continues to add to the quality of electrical service. These additional employees have allowed more consistent application of workforce in vegetation management, thereby decreasing outages. This has also helped to reduce overtime, and allow the mandates of Section 1-102 to be met.

MCPU has and will continue to use outside contractors for periodic testing and critical maintenance of substation components, such as transformers, breakers and relays, as well as critical repairs on these components. The weekly and monthly inspections will continue to be done in-house. This continues to be the most practical way to keep these items serviced. MCPU also has and will continue to utilize outside contractors for major construction jobs such as substation design and construction as well as transmission line projects as deemed appropriate. MCPU also has contractors within a reasonable proximity available to help and assist with severe emergency repairs when necessary. MCPU has used these services in the past and will do so on a case by case basis as needed.

The customer service center is manned during business hours Monday through Friday and is accessible by phone or by coming to the offices of MCPU. After business hours, MCPU employs personnel to field calls from customers for outages and other critical problems. During times of severe or widespread outages, additional personnel are called in. In fact, during outages, all employees of MCPU may be subject to being called in for assistance to help with the actual restoration of service, manning the telephone lines, or in communicating with the public or emergency services departments.

In looking at the electric reliability indices for MCPU filed pursuant to 83 Ill. Adm. Code 411.140, the numbers reflect that over the last seven years, MCPU has had a reasonable and improved reliability record. Specifically, the indices reported have trended to show an improvement. This has been partially the result of staffing levels to improve tree trimming crews and to add additional linemen to the staff. However, the indices can have some year to year bounces due to weather conditions, but overall, the trend has been improving. In a small system, a

major outage or an outage of a single incoming transmission line can affect a large percentage of MCPU's customers, and this unique setup can have a significant impact on the indices year to year. System design to add circuitry and alternate feeds of electricity have also been utilized to increase reliability. This work has been completed with in-house services and also outside contractors when the project involved design and development of a new substation and electric transmission line.

Of further significance, the reliability report customer satisfaction surveys prepared under Code section 411, show that on an ongoing basis, over eighty (80) percent of MCPU's customers believe that MCPU provides reliable electric service. Based on the foregoing and other details, MCPU has in place an adequate workforce at this time for its electric system.

Mt. Carmel Public Utility Co.

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